

From: Schueller, Shelly - ETF
Sent: Thursday, February 11, 2016 10:54 AM
To: Ellison, David
Subject: RE: Dividends (BlackRock and Vanguard)

Hello Mr. Ellison –

This is a follow-up to our earlier conversation regarding dividends and the BlackRock options offered in the WDC. I contacted BlackRock regarding your comments. As you know, the BlackRock vehicles in the WDC are collective trusts, and not mutual funds. Consequently there are some differences in the way that dividends are treated. The collective trust funds do not distribute income or capital gains in a similar fashion to mutual funds, but rather they are reflected in the NAV of the Fund.

BlackRock noted that for their collective trusts, any income from dividends is reflected in the Statement of Operations within the annual reports as “Collective Fund Income.” This is done at the collective trust fund level, not at a per share level. They also shared the attached annual reports for the collective trusts offered by the WDC. The US Debt fund will be found in the “W Series Report”, the Russell 2000 and EAFE Equity Index Funds will be found in the “T Series Report” and the MidCap Equity Fund will be found in the “F Series Report”.

I hope you find this information useful. Please let me know if you have any additional questions regarding the WDC.

Best regards
Shelly Schueller

From: Schueller, Shelly - ETF
Sent: Thursday, February 04, 2016 10:03 AM
To: Ellison, David
Cc: WDC Program
Subject: FW: Dividends (BlackRock and Vanguard)

Dear Mr. Ellison -

I'm responding to an email you sent recently to the Wisconsin Deferred Compensation (WDC) Program regarding the BlackRock funds and the possibility of offering different funds from Vanguard.

The investments in the WDC's core lineup have been carefully selected by the Board to provide WDC participants with active and passive (index) investment options in multiple areas. The BlackRock funds were specifically selected because the Board felt they offered quality index investments at an extremely low cost.

Board	Mtg Date	Item #
DC	3.8.16	10m

As you indicated, transparency in fees is very important. The Board also shares this interest with you, as they want to enable WDC participants to make fully-informed decisions regarding their retirement investments. I will look into the dividends question with BlackRock directly and share what I learn from them.

There is a way you could invest in the Vanguard funds of your choice now via the WDC, which is by using the WDC's Schwab Self Directed Brokerage Account (SDBA) option. The Deferred Compensation Board added the SDBA to the WDC in 2000 as a result of participant interest in access to more mutual fund options. There is no additional WDC cost to use this web-based feature. The only additional costs would be the transaction fees imposed by the investments. You can open an account by logging in to your WDC account through www.wdc457.org and clicking on the "Investments" tile at the top of the page.

Mr. Ellison, thank you for your comments and your interest in the WDC. I will share your comments and request with the Board at their next meeting, which is scheduled for March 8, 2016. The Department and the Board will continue to review existing and potential investment options for WDC participants. Please let me know if you have any other comments or concerns regarding the WDC.

Sincerely,

Shelly Schueller

Shelly Schueller
Deferred Compensation Director
Department of Employee Trust Funds
P.O. Box 7931, Madison, WI 53707-7931
(608) 266-6611 / fax (608) 267-0633
shelly.schueller@etf.state.wi.us

From: David Ellison
Sent: Monday, February 01, 2016 2:39 PM
To: WDC Program
Subject: Dividends

Blackrock does not show payment of dividends like Vanguard does. Could you please offer Vanguard funds for International, Medium and Small stocks so I can see the payment of dividends? I like transparency.

Thank you,

David J. Ellison